All Party Parliamentary Group on British Bioethanol – 22 May 2018

Present:

Nic Dakin MP – Chairman

Lord Prescott

Alex Cunningham MP

Sir Oliver Heald MP

David Drew MP

Julian Sturdy MP

Simon Clarke MP

Max Burnett, Research Assistant to Martin Vickers MP

Sir Rob Margetts – Chairman, Ensus

Grant Pearson, Ensus

Mark Chesworth – MD Vivergo Fuels

Richard Royal – Vivergo Fuels

Nick Thompson – Vivergo Fuels

Clare Wenner – Vivergo Fuels

Dr Mike Goldsworthy – NNFCC

Brett Askew – NFU

Tori Morgan – NFU

Hendrik Lemahieu – Secretary-General, Belgian Bioethanol Association

Aaron Berry DfT

Tim Simon – DfT

DR Nina Skorupska – CEO REA

Gaynor Hartnell – REA

Presentations

Chaired by Nic Dakin MP, members of the APPG on British Bioethanol were addressed by:

Brett Askew – NFU who explained why the bioethanol market was so important for UK agriculture especially in the North-East. UK farmers supplied feed wheat, which was an important part of their crop rotation, to the bioethanol industry which in turn provided high protein animal feed, DDGS, as a key replacement for livestock farmers for imported soy from South America. The bioethanol industry put a floor in the market and gave opportunities for food security, self-sufficiency and sustainability.

Dr Mike Goldsworthy – NNFCC who set out the carbon saving and air quality benefits of E10 as well as the fact that 95% of UK petrol cars are already warrantied to use E10.

Hendrik Lemahieu – Secretary General of the Belgian Bioethanol Association who described the process by which E10 had been successfully introduced into Belgium with full co-operation between all parties. He stressed that it was essential for Government to take a lead, including on the consumer information campaign.

Mark Chesworth – MD Vivergo Fuels who launched British Bioethanol’s new consumer campaign for E10 – “B**E10%**GOOD” – [www.10percentgood.com](http://www.10percentgood.com) – and explained how good this was for all stakeholders and how important this was for the British bioethanol industry who were still facing a very difficult market.

Discussion

The Chairman confirmed that most of the parliamentarians present were already committed to the introduction of E10 but the case made today was very compelling. He felt that parliamentarians could help to urge the UK Government to give the necessary leadership.

Sir Oliver Heald MP stated there was controversy around the food vs. fuel argument and asked whether there was a limit to the amount of feed wheat that could be used for bioethanol given the competition for land. Mike Goldsworthy cited the statistics and confirmed that there was no competition for the relatively small volumes involved. Referring to a report by IFPRI he said that the production of bioethanol contributed to food security and could help people out of poverty and hunger, as well as reducing protein deficit. Brett Askew added that the protein feed DDGS was crucial for UK agriculture which would otherwise have to rely on South American imports. He also pointed out that E10 would give the confidence for investors to go to the next stage of investment in advanced biofuels. Grant Pearson reminded everyone that when the Ensus plant had been closed farmers had reduced the amount of feed wheat they grew. Sir Oliver also referred to the fact that bioethanol was a totally different product to biodiesel which was closely associated with deforestation.

Julian Sturdy MP said he had heard reports that the UK bioethanol plants closed when the oil price was below $50/barrel and opened when it was above. Mark Chesworth assured him that there was no such correlation. The key issue was the lack of a market compared to the policy intentions when the investments were first made: there had been a huge investment in the bioethanol industry from 2008-2013 but growth of market beyond 5% (E5) had not happened. The UK has invested £1bn behind this policy so far. The biggest producer went out of business two years ago, and green investment is down. That was why increasing demand by introducing E10 was so important. There was likely to be over-capacity in Europe but the market would regulate itself. Sir Rob Margetts confirmed this view of policy and the market and said that Ensus and Vivergo were technologically the best in the world.

Lord Prescott urged the bioethanol industry to identify with the larger environmental issue which was to get carbon emissions down by 80% by 2050. Targets would simply not be met if transport was not tackled. E10 and the bioethanol industry were small but important contributions to the bigger picture.

Howard Cox asked whether there was any fuel tax benefit in Belgium. M Lemahieu replied that there was no fuel duty incentive in Belgium, which had preferred the stick to the carrot. Fuel prices in Belgium were also subject to regulation. Through harmonisation of fuel taxation, petrol prices became lower than diesel at the pump. There are penalties for companies who do not blend 10%.